SUBJECT INDEX

I. Page

Respondents' Argument That the States Are Free to Individually Decide What Items Are in the Public Domain Should Be Rejected 1

II.

Respondent's Argument That Section 3 of PL 92-140 Expresses Congressional Intent to Permit State Copyrights Laws Is Patently Without Merit 4

III.

The Respondent's Reliance on Self-Serving, Statements, Made Outside the Record in the Instant Case, by Recording Industry Executives, Is Misplaced 7

A. Tape Duplicators Do Pay Taxes and Music Royalties 7

B. The Labels Placed on Petitioner's Tapes Are Sufficient to Avoid Confusion as to Source 8

C. The Recording Industry Will Not Meet With Disaster as the Result of a Holding That Pre February 15, 1972 Sound Recordings Are in the Public Domain 9

IV.

California Penal Code Section 653h Is Also Unconstitutional in That It Grants Protection for Unlimited Times 9

V.

Conclusion 12

TABLE OF AUTHORITIES CITED

Cases	Page
Graham v. John Deere, 383 U.S. 1 (1966)	6
Jondora Music Publishing Company v. Melody Recordings, Inc., ... F.Supp. 2d .... (N.J. 1972, No. 1741-72)	8
Kellogg Co. v. National Biscuit Co., 305 U.S. 111 (1938)	8
Leisy v. Hardin, 135 U.S. 100 (1890)	11
RCA Mfg. Co. v. Whiteman, 114 F.2d 86 (2d Cir. 1940)	3
Shapiro, Bernstein & Co. v. Remington Records, Inc., 265 F.2d 263 (2d Cir. 1959)	12
Miscellaneous	
Hearings on S. 646 and H.R. 6927 before the Sub-Comm. on Patents, Trademarks and Copyrights of the House Judiciary Comm., 92nd Cong., 1st Sess. (1971), pp. 82, 90	7
House of Representatives Report No. 487, 92nd Cong., 1st Sess. 1 (1971)	6
House of Representatives Report No. 487, 92nd Cong., 1st Sess. 3 (1971)	4
House of Representatives Report No. 487, 92nd Cong., 1st Sess. 13 (1971)	5, 12
Senate Report No. 72, 92nd Cong., 1st Sess. 4 (1971)	4
Statutes	
California Penal Code, Sec. 653h	6, 8, 9, 10
Public Law 92-140	4, 5, 6
Public Law 92-140, Sec. 3	4, 5

Page

United States Code, Title 17, Sec. 1(e) 7

United States Code, Title 17, Sec. 2 11

United States Constitution, Art. I, Sec. 8, Cl. 8 ....9, 11

Textbooks

Kaplan, Performer's Right and Copyright: The Capitol Records Case, 69 Harvard Law Review (1956), pp. 409, 435 10

Kurlantzick, Lewis, "The Constitutionality of State Law Protection of Sound Recordings", Connecticut Law Review, Vol. 5, No. 2 11

IN THE

Supreme Court of the United States

October Term, 1972
No. 71-1192

DONALD GOLDSTEIN, RUTH KOVEN and DONALD KOVEN,

Petitioners,

vs.

THE STATE OF CALIFORNIA,

Respondent.

On Writ of Certiorari to the Appellate Department, Superior Court of California, County of Los Angeles.

REPLY BRIEF OF PETITIONERS.

I.

Respondents' Argument That the States Are Free to Individually Decide What Items Are in the Public Domain Should Be Rejected.

The respondents and *amicus curiae,* while conceding that *Sears* and *Compco* prohibit the states from protecting works constitutionally capable of being copyrighted that are in the public domain, nevertheless argue that a state should be allowed to determine for itself if Congress was correct in allowing a work to be in the public domain; if the state determines it should not be, then, according to respondents, that a particular state is free to redefine the public domain to protect works

that otherwise have no protection. This must be done, it is argued because otherwise a particular work (*e.g.* pre February 15, 1972 sound recordings) will have no protection and Congress could not have meant for that to be.

The plain and simple answer to respondents is found in the following reasoning of the Second Circuit in an opinion written by Judge Learned Hand, wherein that Court held that the performance embodied on phonograph records were in the public domain; were not protected by common-law copyright because they had been sold to the public (*i.e.* published); and were therefore not the property of the performer or the record company. The Court reasoned:

> " 'Property' is a historical concept; one may bestow much labor and ingenuity which inures only to the public benefit; 'ideas', for instance, though upon them all civilization is built, may never be 'owned'. The law does not protect them at all, but only their expression; and how far that protection shall go is a question of more or less; an author has no 'natural right' even so far, and is not free to make his own terms with the public. In the case at bar if Whiteman and RCA Manufacturing Company, Inc., cannot bring themselves within the law of common-law copyright, there is nothing to justify a priori any continuance of their control over the activities of the public to which they have seen fit to dedicate the larger part of their contribution. We are adjured that courts must adjust themselves to new conditions,

and that in the case at bar justice clearly points the way to some relief. We cannot agree; no doubt we should be jealous to execute all reasonable implications of established doctrines; but we should be equally jealous not to undertake the composition of substantial conflicts of interests, between which neither the common-law, nor the statute, has given any clue to its preference. We cannot know how Congress would solve this issue; we can guess—and our guess is that it would refuse relief as we are refusing it—but if our guess were the opposite, we should have no right to enforce it. If the talents of conductors of orchestras are denied that compensation which is necessary to evoke their efforts because they get too little for phonographic records, we have no means of knowing it, or any right to assume it; and it is idle to invoke the 'deus ex machina of a progress' which is probably spurious, and would not be for us to realize, if it were genuine." *RCA Mfg. Co. v. Whiteman,* 114 F.2d 86, 90 (2d Cir. 1940).

Congress has still not afforded any protection to pre-February 15, 1972 sound recordings and the states are in no better position now than was Judge Hand to "undertake the composition of substantial conflicts of interest". In the absence of copyright protection sound recordings which have been commercially exploited must be found to fall within the public domain.

II.

Respondent's Argument That Section 3 of PL 92-140 Expresses Congressional Intent to Permit State Copyrights Laws Is Patently Without Merit.

Respondent[1] and certain *amicus curiae*[2] argue that PL 92-140 Section 3 implies congressional approval of state laws which in effect grant greater copyright protection to pre-February 15, 1972 recordings than PL 92-140 grants to sound recordings fixed and published after that date. This argument is not supported by the language, purpose, or legislative history of the section.

It is clear from the legislative history that Congress had no such thought in mind, as can be seen from the House Report which provides:

> "In addition the jurisdiction of States to adopt legislation specifically aimed at the elimination of record and tape piracy has been challenged on the theory that the copyright clause of the Federal Constitution has preempted the field even if Congress has not granted any copyright protection to sound recordings. While *the committee expresses no opinion concerning this legal question,* it is clear that the extension of copyright protection to sound recordings would resolve many of the problems which have arisen in connection with the efforts to combat piracy in state courts."[3] (Emphasis added.)

---

[1]See Brief of Respondents at 32-33.

[2]See *e.g.* Brief of Recording Industry of Association of America (hereinafter referred to as "TIAA Brief") at 28.

[3]H.R. Rep. No. 487, 92 Cong., 1st Sess. 3 (1971). See also S. Rep. No. 72, 92d Cong., 1st Sess. 4 (1971).

At another point the House Report sets out the following, from a letter written to the Judiciary Committee at its request, by the Justice Department.

> "The bill does not apply retroactively and Section 3 expressly states that it should not be construed as affecting in any way any rights with respect to sound recordings fixed before the date of enactment. It thus does not deal with recorded performances already in existence. Instead it leaves to pending or future litigation the validity of state common law or statutes governing the unauthorized copying of existing recordings."[4]

The wording of PL 92-140 Section 3 is typical statutory boilerplate which is hardly sufficient to validate an exercise of state power which would be constitutionally precluded if Congress remained silent. This Court should, at the least, require a clear statement by Congress and not rely on such routine boilerplate language to reach such a radical conclusion. Further, and equally important, even were such language present, the result urged by petitioner would be to remove from the public domain on February 15, 1972 (the effective date of PL 92-140) that which was in the public domain on February 14, 1972. This Court has held that such a removal from the public domain of items already dedicated is constitutionally prohibited.

> "Moreover, Congress may not authorize the issuance of patents whose effects are to remove ex-

---

[4]H.R. Rep. No. 487, 92d Cong., 1st Sess. 13 (1971).

istent knowledge in the public domain, or to restrict free access to materials already available." *Graham v. John Deere,* 383 U.S. 1, 6 (1966).[5]

Another indication that Congress in no way intended to validate state copyright laws by PL 92-140 can be found in the House Report's statement of the purpose of that portion of the act which limits the sound recording copyright to those recordings fixed and published after February 15, 1972 and prior to December 31, 1974.

> "The purpose of the amendment is to provide a period for further consideration of various alternatives for solving the problems in this area, before resorting to permanent legislation."[6]

This Congressional desire for a period for "further consideration" of "various alternatives" is hardly consistent with an interpretation of PL 92-140 which would attempt to validate each state's individual decision as to the "correct" alternatives.

---

[5]It is important to note that California Penal Code §653h also attempts to remove from the public domain that which was already dedicated. That is in addition to all its other infirmatives Penal Code §653h is unconstitutional in that it attempts to remove from the public domain contrary to *Graham v. John Deere* all those recordings published prior to its enactment.

[6]H.R. Rep. No. 487, 92d Cong., 1st Sess. 1 (1971).

III.

The Respondent's Reliance on Self-Serving, Statements, Made Outside the Record in the Instant Case, by Recording Industry Executives, Is Misplaced.

The respondent has made exaggerated claims to the effect that all tape duplicators pay no taxes or royalties;[7] that the copied albums could not be sold without a certain kind of label; and that a decision favorable to Petitioners would ruin the recording industry.

As Petitioners will show, most of the above arguments are without legal significance, and all are untrue.

A. Tape Duplicators Do Pay Taxes and Music Royalties.

Most tape duplicators do pay the copyright royalties as required by 17 USC §1(e). For instance one group reported that they paid their taxes and were paying approximately $10,000.00 per month in such music royalties.[8] In a recent case, a United States District Court held that another tape duplicator was validly paying $4,000 to $6,000 per month in royalties under 17 USC §1(e); was an open and "forthright" business; and that the affidavits of certain individuals to the contrary, including one person[9] relied on by *Amicus* Recording Industry Association of America in

---

[7]The arguments of respondents do not even purport to be directed to the activities of Petitioners, but rather to a so-called "industry practice". Petitioners will therefore address their reply to such "industry practice".

[8]Hearings on S. 646 and H.R. 6927 before the Subcomm. on Patents, Trademarks and Copyrights of the House Judiciary Comm., 92nd Cong., 1st Sess., 82, 90 (1971).

[9]Albert Berman, Managing Director of the Harry Fox Agency, Inc., an Amicus Curiae in the instant case.

support of its unfounded allegations,[10] constituted a fraud on the Court.[11]

Of course if there are tape duplicators who fail to pay taxes or royalties, there are sufficient civil and criminal laws, both at the federal and state levels to resolve the problem. There is no need to ignore the precedent and policy considerations cited in petitioners' Petition and Brief to add further unneeded protection against such admittedly reprehensible conduct.

B. The Labels Placed on Petitioner's Tapes Are Sufficient to Avoid Confusion as to Source.

Petitioners have already quoted to this court the disclaimer label which is placed on their tapes.[12] Even more importantly, Petitioners have pointed out that the statute in question is *not* a "labeling statute" since a crime is purportedly committed under Cal. Penal Code §653h no matter what the label says, and even if there is no allegation or proof of any confusion as to source. The issue of the content of the label placed on duplicated tape is thus a "straw" issue since there is no question before this court as to the states' right to establish labeling laws.[13]

---

[10]TIAA Brief, at p. 15, n.39.

[11]*Jondora Music Publishing Company v. Melody Recordings, Inc.*, ...F.Supp. 2d .... (N.J. 1972, No. 1741-72) opinion of Lacey, District Judge. This case is an important example of the methods used by members of the so-called "legitimate" record industry to preserve their monopoly positions and to say and do anything, no matter how lacking in justification, to injure tape duplicators.

[12]Brief of Petitioners at p. 5, n.3.

[13]It should be noted that in *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111 (1938), in an opinion by Mr. Justice Brandeis, this

C. The Recording Industry Will Not Meet With Disaster as the Result of a Holding That Pre February 15, 1972 Sound Recordings Are in the Public Domain.

It must be remembered that the instant case will have no effect on new recordings. The recording industry has sought and received from Congress, protection for its new recordings. Thus, there is no question of economic disaster to the recording industry. Instead, the question is whether the record companies are to be allowed to reap monopoly profits in perpetuity for recordings produced prior to February 15, 1972.[14]

IV.

California Penal Code Section 653h Is Also Unconstitutional in That It Grants Protection for Unlimited Times.

At the least, California Penal Code §653h is unconstitutional because it violates an important policy implication of the Federal Copyright Act and of Article I, Section 8, Clause 8 of the Constitution. The relevant policy is one which requires that any interference with competition for the purpose of encouraging "investors"

Court held that once an article has fallen into the public domain it can be made by anyone. This Court also held that, despite the fact that some $17,000,000 had been spent by the originators on developing and advertising a product and its name, (which expenditure was held to be "without legal significance") both the product, which had fallen into the public domain and its name could be used by anyone.

> "As Kellogg Company [the copier] had the right to make the article, it had also, the right to use the term by which the public knows it".

[14]It is interesting to note that despite the recording industries' continued assertions that record duplication is somehow immoral, the Recording Industry Association of America admits in its Brief (at page 20) that its members may well engage in record duplication themselves, if Petitioners' legal position is sustained.

and "authors" should be for limited times only.[15] The California Copyright Act (*sub noma* Penal Code §653h) has no time limit, and attempts to create permanent monopoly rights in the record companies, and should therefore be held unconstitutional.[16]

Respondents' sole argument to support its contention that Cal. Penal Code §653h is not unconstitutional, although it grants protection for unlimited times, is that

---

[15]This is of course also true with respect to state laws which are interpreted by state courts to authorize the awarding of damages and the issuing of injunctions to prohibit record duplication.

[16]It is not sufficient to argue that the records being duplicated were made only recently and that the issue of perpetual protection is therefore not raised. First, many of the duplicated records are at least twenty-eight years old. Second, and more importantly, the monopoly must be limited to a period defined in advance, or there is no assurance of the eventual dedication of the work. Professor Kaplan, relied on by respondent in its brief, has stated:

> "We must, however, acknowledge here the force of the argument that monopolies, even those narrowly confined as to user, should be limited to a period defined in advance; otherwise the eventual dedication of the work, by which alone a monopoly is justified, is merely a vague hope and not a reality." Kaplan, *Performer's Right and Copyright: The Capitol Records Case,* 69 Harv. L. Rev. 409, 435 (1956).

In addition, Professor Kaplan, writes in the same article (at page 429):

> "But where protection is given against mere copying of a work within the clause, rather than against passing off, distortion of the work, or the like, we have a situation so close aboard simple copyright protection that the force of the clause, such as it is, would seem to extend to it. Nor would it avoid the clause to deal with the problem as one of 'unjust enrichment,' or to center attention on the position of the recording company rather than that of the performer. A rendition reduced to a record is being protected against reproduction by physical copy, and if the rendition is within the clause the inhibitions of the clause may be held to control whatever the epithet applied to the attempted state regulation."

17 USC §2 allows state common law copyright protection for unlimited times. However, they are mistaken.

State common law copyright protection is in fact for "limited times", since it expires whenever there is commercial exploitation. An author's protection is limited under 17 USC §2 to pre-publication protection. Once the work is published, the state's right to grant the protection is lost, and that ought to be the case with sound recordngs as well.

The various attempts by different states to grant protection to sound recordings, being unlimited in time, are thus in direct conflict with Article I, §8, Clause 8 of the Constitution and of the implementing Federal Statutes.[17]

---

[17]The fact that current state legislation against record duplication is for unlimited time, is one of four separate grounds for finding such statutes unconstitutional according to an article to be published in Volume 5, No. 2 of the Connecticut Law Review, by Professor Lewis Kurlantzick, entitled "The Constitutionality of State Law Protection of Sound Recordings". The other grounds for voiding such statutes according to Professor Kurlantzick are:

(1) State statutes conflict with implications in Title 17 USC, that the composers are to have full control over their music, and a state created performer's right would conflict with such full control;

(2) State statutes are in conflict with the commerce clause, under the theory, expressed in such decisions of this Court as *Leisy v. Hardin*, 135 U.S. 100 (1890), that a state may not prohibit the sale in the original package of a product like a duplicated record, which has been shipped from another state (one of the forty where there is no anti-duplicator statute); and

(3) State statutes, significantly interfere with interstate commerce and are not permissible because they are contrary to the public policy of free competition expressed in the federal anti-trust laws.

V.

Conclusion.[18]

The present Attorney General of the United States has written, on behalf of the Justice Department:

> "We believe that extending copyright to recordings is the soundest, and in our interpretation of Sears and Compco, the only way in which sound recordings should be protected. Copyright protection is narrowly defined and limited in duration, whereas state remedies, whose validity is still in doubt, create broad and unwarranted perpetual monopolies."[19]

Petitioners respectfully urges that the judgment below creates exactly the "broad and unwarranted perpetual monopolies" referred to by the Attorney General and should be reversed.

Respectfully submitted,

ARTHUR LEEDS,
PAUL T. LOCKE,
DANIEL M. GOTTLIEB,
By ARTHUR LEEDS,
Attorneys for Petitioners.

GOTTLIEB, LOCKE & LEEDS,
Of Counsel.

---

[18]Respondent in its conclusion quotes from an earlier opinion by Chief Justice Berger in *Shapiro, Bernstein & Co. v. Remington Records, Inc.*, 265 F.2d 263, 269 (2d Cir. 1959). However, they incorrectly characterize that case as one involving record duplication. Actually, the case involved a situation where a so-called "legitimate record company", that is, a company which paid its own musicians, and recorded its own performances, failed to pay its music royalties. (See the complaint in said case at paragraphs 10 and 15 and the Affidavit of Harry Fox, in support of plaintiff.)

[19]H.R. Rep. No. 487, 92d Cong., 1st Sess. 13 (1971).

TOPICAL INDEX

	Page
Application of Respondent for Leave to File Post-Argument Memorandum	1
Post-Argument Memorandum	3

TABLE OF AUTHORITIES CITED

Cases — Page

Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225 ..... 7, 12

Compco Corp. v. Day-Brite Lighting, Inc., 376 U.S. 234 7

International News Service v. Associated Press, 248 U.S. 215 7

Helvering v. Hallock, 309 U.S. 106 (1940) 9

Regulation

Code of Federal Regulations, Title 37, Sec. 202.8 (b) (1972) 8

Statutes

Public Law 92-140 ..... 6, 8

United States Code, Title 17, Copyright Act of 1909 ..... 3, 8

United States Code, Title 17, Copyright Act of 1909, Art. I, Sec. 8 11

United States Code, Title 17, Copyright Act of 1909, Art. I Sec. 8, Cl. 1 11

United States Code, Title 17, Copyright Act of 1909, Art. I, Sec. 8, Cl. 4 11

United States Code, Title 17, Copyright Act of 1909, Sec. 1(e) 3, 4

United States Code, Title 17, Copyright Act of 1909, Sec. 2 ..... 11, 12

United States Code, Title 17, Copyright Act of 1909, Sec. 5(e) 3

United States Code, Title 17, Copyright Act of 1909, Sec. 8 12

Page

United States Code, Title 17, Copyright Act of 1909, Sec. 12 ..... 3, 12

United States Code, Title 17, Copyright Act of 1909, Sec. 101(e) 3, 4

Textbook

"Name That Tune: If Joe Schmeig Can't, Probably Nobody Can", Wall Street Journal, December 14, 1972, p. 1, Column 4 5

Whicher, The Ghost of Donaldson v. Beckett: An Inquiry Into the Constitutional Distribution of Powers Over the Law of Literary Property in the United States, 9 Bull. Copyright Soc'y (1961), p. 102 11

IN THE

Supreme Court of the United States

October Term, 1972
No. 71-1192

DONALD GOLDSTEIN, RUTH KOVEN and DONALD KOVEN,
Petitioners,

vs.

STATE OF CALIFORNIA,
Respondent.

Application of Respondent for Leave to File Post-Argument Memorandum.

Counsel for respondent, the State of California, believe that certain matters which were raised by members of the Court and counsel for petitioners at oral argument may not have been fully and clearly explicated by respondent's oral argument. Moreover, certain questions by the Court raised implications which were not fully explored at oral argument.

This case presents substantial questions. Counsel for respondent believe that it would be in the interest of justice that they have an opportunity briefly to clarify certain matters arising from oral argument.

For the foregoing reasons counsel for respondent, the State of California, respectfully request that

the Court permit respondent to file the Post-Argument Memorandum which is annexed to this application.

Dated: December 22, 1972.

Respectfully submitted,

ROGER ARNEBERGH,
City Attorney,

DAVID M. SCHACTER,
Deputy City Attorney, Chief—Appellate Section,

PHILIP E. GREY,
Deputy City Attorney,

By DAVID M. SCHACTER,
Attorneys for Respondent State of California.

POST-ARGUMENT MEMORANDUM.

The purpose of this memorandum is to clarify certain matters which were raised at oral argument.

I.

The distinction between a "musical composition" and a "performance", and the legal and economic consequences of this distinction underlie much of this case.

A musical composition consists of the tune or melody (the music), which may or may not be accompanied by words (lyrics). Musical compositions have always been eligible for copyright protection under the Copyright Act of 1909. Sec. 17 U.S.C. §§ 1(e), 5(e), 12 and 101(e). A musical composition may be expressed, without being performed, by written musical notation and words.

A performance consists of one rendition by one performer (or group of performers), with or without instrumental or vocal accompaniment, of one particular arrangement of a musical composition. A phonograph record or prerecorded tape embodies the sounds generated by one such performance. Obviously, there may be many different live performances and recorded performances of a single musical composition and of different arrangements of that composition rendered by different performers.[1] Live performances have never been subject to protection by the Copyright Act. It has been long accepted that the rendition of a performance does not work a "dedication" of the musical composition or other work being performed. See *Ferris v. Frohman* and other cases cited, Brief of Respondent at

---

[1]See paragraph "L" at pages 10-14 of the pre-trial conference statement in *Tape Industries Association of America v. Younger*, Supplement to Brief of Respondent.

45 and Brief of Recording Industry Association of America, Inc. as Amicus Curiae ("RIAA Brief") at 32 n. 83.

Customarily the composer and author assign their rights in the musical composition to a music publisher in return for royalties based on income from various uses made of the musical composition. It is the publisher who owns or administers the copyright and who grants the license for mechanical reproduction, *i.e.*, the license to make records and tapes, referred to in Sections 1(e) and 101(e) of the Copyright Act. The customary contract between the publisher and the composer and author of a musical composition provides that the composer and author, on the one hand, and the publisher, on the other, equally share these royalties from such mechanical licenses. See Brief of The Harry Fox Agency, Inc., Amicus Curiae at 2-3. Mechanical reproduction licenses and royalties are solely for the right to use the copyrighted musical composition; these royalties are paid to the publisher as copyright proprietor and, by reason of contract, shared by the publisher with the composer and author of the musical composition. The record company, which is the manufacturer of the "mechanical reproduction", pays these royalties; the musicians, recording artists and the other persons whose performances and skills made the record possible receive no part of the mechanical reproduction royalties.

One of the exclusive rights the Copyright Act gives the proprietor of the copyright of a musical composition is the right to publicly perform that composition for profit, 17 U.S.C. § 1(e). Typical examples of such public performances are radio broadcasts, public concerts, television, night clubs, etc. The licensing of most public performances for profit of copyrighted musical

compositions and the collection of fees therefor ("performance fees") are, for convenience and effectiveness, typically administered for the publisher and the author and composer by a performing rights society, such as ASCAP or BMI. ASCAP and BMI negotiate licenses with various users of either live or recorded music such as radio and television stations, networks, dancehalls, hotels, restaurants, etc., and collect license fees from them. The composer and author, on the one hand, and the publisher, on the other hand, share the net receipts from these public performance licenses. No "performance fees" are paid to live performers or to record companies, recording artists, musicians or any of the other persons whose talent and labor go into making a recording. Performing rights societies are concerned only with issuing licenses and collecting fees for the public performance for profit of copyright musical compositions and with protecting the interests of song writers, lyricists and music publishers. Performing rights societies, such as ASCAP and BMI, have absolutely nothing to do with the protection of the persons who perform those musical compositions or with the protection of performers' rights in either live or recorded performances.[2]

Because of various collective bargaining agreements and the development of usage and custom in the music industry, the practice is almost non-existent today for the performers and musicians who create a recorded performance to receive only a "one shot" payment for their services without regard to the success of the recording.

---

[2]For some of the ways in which a performing rights society functions, see: "Name That Tune: If Joe Schmeig Can't, Probably Nobody Can", *Wall Street Journal*, December 14, 1972, page 1, column 4.

The lead performers almost always, if not universally, receive continuing compensation in the form of royalties based on the sale of the recordings, and the musicians, the performers' and musicians' union pension and welfare funds, and the Music Performance Trust Funds also all receive income directly related to the sale of recordings. (See Brief Amicus Curiae For American Federation of Musicians and American Federation of Television and Radio Artists ("AFM and AFTRA Brief") at 1-4; RIAA Brief at 3-7, and affidavits of Sanford I. Wolff, Henry Kaiser, Kenneth E. Raines and Paul Simon in Supplement to Brief of Respondent.) The performers and musicians do, in addition, receive "one shot" payments for rendering their services in the recording session. Under collective bargaining agreements, such payments must be at or above minimum union scale without regard to whether the results of that recording session are ever used at all, and without regard to whether the recording which results therefrom is ever a success. This leads to the situation referred to in the briefs of RIAA and Respondent and in the Congressional hearings on Public Law 92-140 that record companies incur very substantial costs to produce and distribute recordings which may never be successful; those costs can be recouped only out of the sale of successful recordings.

II.

Counsel for petitioners argued that record companies commercially exploit records by selling them and that such commercial exploitation ought itself to be a "publication" or dedication of the right to duplicate the recorded performance. But commercial exploitation alone

has never had the effect of divesting rights. One need think only of trademarks, trade names and titles, which are widely exploited commercially, but which do not thereby lose their status as protectible property. Indeed, in those areas of the law the greater the commercial exploitation and the greater the success in identifying the name, mark or title with the exploiter, the greater the protection. This Court expressly recognized the power of the states to protect trademarks and trade names in *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 232 and *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 238-39. So it will not do to argue that commercial exploitation of recordings alone ought to divest the owner of the right to protect those recordings.

The same principles refute petitioner's argument that because state law protection is for an unlimited time the states may not protect pre-February 15, 1972 recordings against duplication. Duration of protection alone does not disable the states from acting. Trademarks, trade names and titles can also be protected for an unlimited or indeterminate period of time. Recordings have long been protected against unauthorized duplication under state law of unfair competition on the misappropriation theory enunciated by this Court in *International News Service v. Associated Press*, 248 U.S. 215. This Court did not mention *INS* in *Sears* and *Compco;* there is no reason why the states should not remain free to apply the doctrine of that case as a matter of state law in appropriate circumstances to prevent competition which is unfair and unconscionable—precisely the kind of competition at bench in this case.

III.

At oral argument, several members of the Court inquired about the status of phonograph records under the Copyright Act of 1909 prior to the enactment of Public Law 92-140. Counsel for petitioners took the position that, since records are "writings" which Congress could protect under the Copyright Clause, the failure of Congress to afford protection against unauthorized duplication prior to the enactment of Public Law 92-140 must lead to the result that records made before the effective date of that statute cannot be protected at all against unauthorized duplication.

The courts, the Copyright Office and practitioners have long understood that, although Congress could have protected recordings under the Copyright Clause, recordings were not protected by federal copyright law until enactment of Public Law 92-140. The regulations of the Copyright Office in force prior to the effective date of Public Law 92-140 stated: "[T]he Copyright Office does not register claims to exclusive rights in mechanical recordings themselves, or in the performances they reproduce." 37 C.F.R. §202.8(b) (1972). See Brief of Respondent at 19, RIAA Brief at 35-36, AFM and AFTRA Brief at 7. At oral argument some members of the Court appeared to question this interpretation. But this interpretation is confirmed by enactment of Public Law 92-140 and the accompanying legislative history.

It is quite clear, however, that the failure of the Congress to provide protection until recently was not an expression of Congressional will that recordings not be protected at all against unauthorized duplication. To the contrary, the Congressional history set out at

length in the Brief of Respondent at pages 27-32 and in the RIAA Brief at page 36, note 96, irrefutably demonstrates that both the recording industry and the Congress accepted that records were protected by state law against unauthorized duplication. Furthermore, it is clear from this Congressional history, from the Report of the Register of Copyrights to the Congress in 1961, and from the paper of Assistant Register of Copyrights Barbara A. Ringer, Brief of Respondent at 28-29, that the failure of Congress to enact legislation prior to 1971 resulted from problems unrelated to the principle that recordings ought to be protected against unauthorized duplication.

The issue boils down then to the question of whether Congress' omission to afford uniform federal protection, in the context of clear evidence of a unanimous understanding that protection existed under state law, requires as a matter of construction of the Copyright Act or as a matter of construction of the Constitution, that there can be no protection under state law against the unauthorized duplication of recordings which were fixed before February 15, 1972.

A.

This Court has long refused to draw inferences of Congressional intent from the failure of Congress to act. See *Helvering v. Hallock*, 309 U.S. 106, 119-21 (1940). There is no reason for deviation from this principle in this case; indeed, the strong and clear evidence of the Congressional understanding that recordings were protected against unauthorized duplication under state law requires full implementation of this principle here.

Petitioners' argument of statutory preemption must fail for another reason. The Constitution has specified that Congress shall enact laws by the passage of bills in both houses, and either approval by the President or affirmative legislative overriding of a veto. Petitioners are, in effect, advancing a theory of "legislation by legislative defeat". To find from the failure of passage of certain bills that Congress affirmatively decided that recordings not be protected against unauthorized duplication would be to create a new method of legislation not contemplated by the Constitution—proposal of a bill and failure of enactment. There is incalculable potential for mischief, misunderstanding and misconstruction of such a rule of ascertaining legislative intent and the law. In this case application of such a rule would lead to adoption of a result of total nonprotection of recordings which all available legislative history indicates is directly contrary to the Congressional understanding and the Congressional will.

B.

Counsel for petitioners advanced at oral argument the theory that merely the Constitution's vesting in Congress the power to protect writings had divested the states of any power in this area. In the briefs it has been pointed out that this interpretation of the Constitution is contrary to the general understanding that when a power has been delegated to the Congress, unless the Constitution has withdrawn that power from the states, the states remain free to act until the Congress has acted. See Brief of Respondent at 13-18, 33-38, RIAA Brief at 29-37, and AFM and AFTRA Brief at 7-9. When the Constitution wanted to exclude state power, it did so specifically in Section 10 of

Article I; that section does not exclude state power to protect writings.

Counsel for petitioners also adverted at oral argument to a supposed constitutional requirement of uniformity of protection. But there is no requirement in the Copyright Clause that all protection of writings be "uniform". This is particularly significant in view of the fact that Section 8 of Article I, which contains the copyright power, *expressly* requires *uniformity* of federal laws with respect to "Duties, Imposts and Excises" (Clause 1), naturalization laws, and bankruptcy laws (Clause 4). Federal power to protect writings was not added because of a desire or need to exclude state power, but because of the inadequacy and impracticality of "effectual" state protection and a need for the availability of some form of nation-wide protection. See Whicher, *The Ghost of* Donaldson v. Beckett: *An Inquiry Into the Constitutional Distribution of Powers Over the Law of Literary Property in the United States,* 9 Bull. Copyright Soc'y 102 (1961).

C.

Vast problems inhere in the theory of "constitutional preemption" espoused by petitioners and referred to in some questions by the Court. This theory would hold that the mere grant to Congress of the power to protect "authors" and writings" excludes all state power to grant any such protection. As pointed out in the briefs, the states have protected unpublished writings from the days of the first federal Copyright Act. See Brief of Respondent at 33-34 and RIAA Brief at 29 n. 73. Indeed, for a time both federal and state law concurrently protected unpublished writings, and Section 2 of the 1909 Act expressly confirmed the power of the

states so to do. *Id.* This Court expressly recognized in footnote 7 of its opinion in *Sears* that unpublished writings may be protected under state law. 376 U.S. 225 at 231 n. 7.

The Copyright Clause of the Constitution refers only to "writings" in general; the Constitution makes no distinction between *published* and *unpublished* writings. If there has been "constitutional preemption" of the power to protect writings, all of the prior federal statutes permitting the states to protect unpublished writings, and Section 2 of the present Copyright Act which expressly recognizes this state power, must be unconstitutional. The consequences of such a doctrine are far reaching and devastating. The present Copyright Act does not grant federal protection upon the creation of a writing, but only upon publication with notice (or deposit in limited cases under 17 U.S.C. §12). Since under the present federal Copyright Act there is necessarily a time gap between the creation of the writing and doing the acts necessary to acquire federal copyright protection, the lack of any state power to protect writings at all would cause every writing to fall into the "public domain" before the acts necessary to invest federal protection could be performed. If there has been constitutional preemption, the first Congress and every subsequent Congress which adopted a copyright law assuming and permitting some state law protection of writings has been mistaken as to the meaning of the Constitution. A further effect of the lack of state power to protect writings would be that all existing copyrights would be invalid. See 17 U.S.C. §8, which provides that there can be no copyright of works in the public domain. All works of every kind—literary,

artistic and musical—which had been thought to be protected by copyright would be freely available to anyone to use at will.[3]

History, precedent and principle require a holding that the Constitution has not divested the states of the power to protect writings, and that the states retain this power until Congress has acted. If Congress protects a certain kind of writing then certainly the states ought not to be able to afford duplicate, overlapping or greater protection. But if Congress has not protected a certain kind of writing and if there is no evidence that Congress affirmatively intended that there be no protection at all of that kind of writing, then the states ought to be able to afford protection. After all, if the Congress is unhappy it may always act to achieve the result it desires.

IV.

Congress recently chose to afford uniform federal protection for recordings made after a certain date. If Congress had intended to withdraw protection from recordings made before that date, it easily could have

---

[3]Almost all other countries, which do not have our dual system of federal and state law, avoid this problem by a copyright system which vests protection in a writing from the time of its creation. The pending bill for general revision of the federal copyright law abrogates all state law protection but avoids the problem of a hiatus in protection such as that created by the "constitutional preemption" doctrine, by vesting federal protection upon creation of the writing. This pending bill would thus adopt for copyrights the present federal patent law system of either exclusive federal protection or no protection. The question of state power to protect writings remains an important one because the pending revision bill would grant federal protection to existing unpublished writings on the assumption that they are presently protected by state law.

done so. It did not. It said, rather, that the Act extending uniform federal protection should not "be construed as affecting in any way any rights with respect to sound recordings fixed before the effective date of this Act."

In light of the legislative, judicial and administrative history one cannot say that "the Congress has unmistakably so ordained"[4] that the states shall not have power to proscribe the unauthorized duplication of sound recordings fixed prior to the time that Congress afforded protection, or that upholding this power of the states would frustrate any federal principle or power. This Court will only effectuate the understanding and intent of Congress by holding that the states do have the power to protect against the unauthorized duplication of sound recordings which were made prior to the availability of federal protection.

Respectfully submitted,

ROGER ARNEBERGH,
City Attorney,

DAVID M. SCHACTER,
Deputy City Attorney, Chief—Appellate Section,

PHILIP E. GREY,
Deputy City Attorney,

By DAVID M. SCHACTER,
Attorneys for Respondent State of California.

---

[4]*Florida Lime & Avocado Growers, Inc. v. Paul,* 373 U.S. 132, at 142.